

**REMARKS**

Claims 1-18 are pending in the above-identified application, and were rejected. With this Amendment, claim 17 was amended. Accordingly, claims 1-18 remain at issue.

**I. 35 U.S.C. § 112 Indefiniteness Rejection of Claims**

Claims 1-17 were rejected under 35 U.S.C. § 112, second paragraph, as failing to comply with the written description requirement. Applicant respectfully traverses this rejection.

Contrary to the Examiner's statement, each of the elements of the claims is supported in the specification at page 108, line 13 through page 110, line 15. In particular, issuing a first settlement log from a first of the plurality of user devices to one of a service provider and a clearing center every time the content is distributed by the first user device is disclosed at page 108, line 13 through page 109, line 16. Issuing a second settlement log from a second of the plurality of user devices to the one of a service provider and a clearing center every time the content is distributed by the second user device is disclosed at page 110, lines 2-8. Performing settlement processing for the content based on the first settlement log and the second settlement log under the management of the one of a service provider and a clearing center is disclosed at page 109, lines 14-16 and page 110, lines 7-8. Accordingly, Applicant respectfully requests withdrawal of this rejection.

**II. 35 U.S.C. § 102 Anticipation Rejection of Claims**

Claim 18 was rejected under 35 U.S.C. § 102(e) as being anticipated by Gruse, et al. (U.S. Patent No. 6,389,538). Applicant respectfully traverses this rejection.

Claim 18 is directed to a computer-readable medium having stored therein computer-executable instructions which allows content secondary distribution management processing for

managing secondary distribution in which a transaction of content usable by a user device is performed between a plurality of user devices to run on a computer system. The computer-readable medium is for performing the steps of issuing a settlement log for the use of the content every time the content is distributed between the plurality of user devices; and performing settlement processing for the identical content based on the settlement log.

Gruse is directed to a secure digital content electronic distribution system that encompasses several business elements including content provider(s) 101 or the proprietors of the digital content electronic digital content store(s) 103, clearinghouse(s) 105, and end-user device(s) 109. (See col. 11, lines 49-59). In Gruse, the control of content usage is enabled through an end-user player application 195 running on an end-user device. (See col. 10, lines 34-36). The application embeds a digital code in every copy of the content that defines the allowable number of secondary copies and play backs. (See col. 10, lines 36-38). When the digital content is accessed in a compliant end-user device, the end user player application reads the watermark to check the use restrictions and updates the watermark as required. (See col. 10, lines 43-47). If the requested use of the content does not comply with the usage conditions, *e.g.*, the number of copies has been exhausted, the end-user device **will not perform the request**. (See col. 10, lines 47-50). Gruse does not disclose or suggest a system related to billing for the secondary distribution if the copying and/or playing of the content exceeds what is permitted by the end-user. Although the Examiner cites to col. 14, lines 15-16 to support billing and settlement, that section simply states that the clearinghouse can provide billing and settlement for transactions such as refunds, transmission failures and purchase disputes. It does not disclose or suggest issuing a settlement log for the use of the content every time the content is distributed

between the plurality of user devices; and performing settlement processing for the identical content based on the settlement log, as required by claim 18. Accordingly, Applicant respectfully requests withdrawal of this rejection.

**III. 35 U.S.C. § 103 Obviousness Rejection of Claims**

Claims 1-17 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Gruse, et al. (U.S. Patent No. 6,389,538). Applicant respectfully traverses this rejection.

As discussed above, in Gruse, if the requested use of the content does not comply with the usage conditions, *e.g.*, the number of copies has been exhausted, the end-user device **will not perform the request**. (See col. 10, lines 47-50). Gruse does not disclose or suggest a system related to billing for the secondary distribution if the copying and/or playing of the content exceeds what is permitted by the end-user. Thus, Gruse does not disclose or suggest (1) issuing a first settlement log from a first of the plurality of user devices to one of a service provider and a clearing center every time the content is distributed by the first user device; (2) issuing a second settlement log from a second of the plurality of user devices to the one of a service provider and a clearing center every time the content is distributed by the second user device, as required by claims 1-17. Moreover, Gruse does not disclose or suggest performing settlement processing for the content based on the first settlement log and the second settlement log under the management of the one of a service provider and a clearing center, as required by claims 1-16. Thus, it would not have been obvious to one of ordinary skill in the art at the time the invention was made to modify the system of Gruse as suggested by the Examiner to derive claims 1-17. Accordingly, Applicant respectfully requests withdrawal of this rejection.

**IV. Conclusion**

In view of the above amendments and remarks, Applicant submits that all claims are clearly allowable over the cited prior art, and respectfully requests early and favorable notification to that effect.

Respectfully submitted,

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